Broadcasting Oct 22

Reaching over 113,000 readers every week — 60th Year 1990

TELEVISION / 50
Les Moonves talks about Lorimar in exclusive interview

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Ad agencies establish dedicated-radio creative groups

TECHNOLOGY / 69
Digital video, film, HDTV run together at SMPTE in N.Y.

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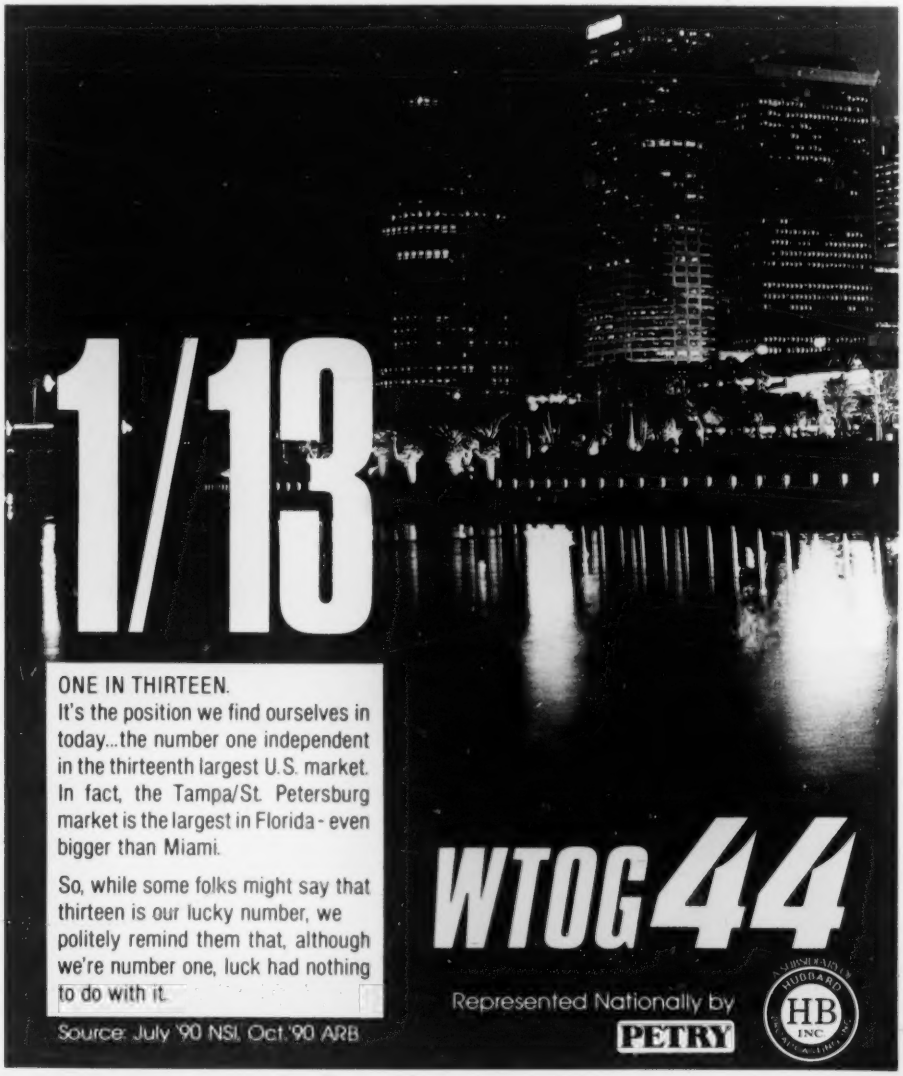
MIPCOM: economics, politics contribute to slow show in Cannes


1/13
ONE IN THIRTEEN.
It's the position we find ourselves in today...the number one independent in the thirteenth largest U.S. market. In fact, the Tampa/St. Petersburg market is the largest in Florida - even bigger than Miami.
So, while some folks might say that thirteen is our lucky number, we politely remind them that, although we're number one, luck had nothing to do with it.
Source: July '90 NSI, Oct.'90 ARB
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HB
INC

Vol. 119 No. 17

Deadly equation: Soft network billings, high program costs

20814 MD
BETHESDA
4520 EAST-WEST HWY
CONGRESSNL INFO SRV **SAMPLE
SKI AC2
20814SRI AT8501 ZC2
**********5-DIGIT 20814

THIS WEEK

31 / TIGHT TIMES

Television networks, struggling with 1991 budgets, have less flexibility to cut costs. Executives find most entertainment and sports programing costs are fixed, leaving news as one of the few areas to find money.

33 / NOT MUCH HOPE

A year-long effort by leaders of the House and Senate Commerce Committees to enact tough legislation aimed at reining in and fostering competition with the "deregulated monopoly" of cable television came to end last week when Senate Republicans blocked any further consideration of the legislation.

37 / KIDS LINK

Warner Bros. Domestic Television signed a major agreement last week with Fox Children's Network for three new animated series.

Network TV: little room to maneuver in economic downturn (page 31)

HDTV: not just a dream (page 69)

Each of the three has received a 65-episode commitment from Fox Broadcasting Co.—the Fox affiliates' children's cooperative. The first series is expected to launch next fall and the other two as late as fall 1994. The deal is valued at about $60 million.

39 / 'WHEEL' SPINNING ON CALIFORNIA CABLE

In an unprecedented deal for a single syndicator, Cox Cable Communications' O&O cable system in Eureka, Calif., has created an independent cable channel, KCBL, by filling its 18-hour schedule exclusively with King World Productions programing. For the Oct. 29 launch, top-rated syndicated programs *The Oprah Winfrey Show*, *Wheel of Fortune*, *Jeopardy!*, *Inside Edition* and *Instant Recall* are rotation cable players, in a market where broadcasters don't carry them.

40 / BETWIXT CABLE AND TELCO

TwixTel Technologies is working with cable systems in resort areas to deliver an interactive cable and telephone service. The company has rolled out its service in five resort areas serving several thousand units, and has deals under contract with eight large MSO's to expand the service to tens of thousands of hotel, motel and condo units in ski areas and beach towns.

41 / IS ONE BETTER THAN TWO?

Even as Time Warner's American Courtroom Network and Cablevision's In Court prepare separate launches, they are also talking merger. If they do merge, American Courtroom Network, which has been pursuing the Cablevision channel, might emerge with the stronger voice.

44 / TV CAPTIONING

President Bush signs a bill into law requiring all television sets with 13-inch or larger screens sold in the U.S. after July 1, 1993, to be capable of displaying closed captions for the hearing impaired. At least one major manufacturer—Zenith Electronics Corp.—plans to introduce sets next year with the captioning feature in a wide variety of sizes, styles and prices.

46 / PBS TARGETS

The Public Broadcasting Service wants to use development, promotion and scheduling savvy to repeat the success of *The Civil War*, and to do so will take money—$105.5 million, including a projected $78 million from member stations, in 1992. The PBS board approved that preliminary figure last week, appearing assured by staff that PBS's transition from an essentially passive distributor for a collection of program-buying members to a more autonomous "subscription service" will create no irreparable harm to members.

50 / LOOKING AHEAD

Just after moving into the top spot as president of Lorimar Television, Les Moonves talks to BROADCASTING about the reorganization of the prime time program supplier and its prospects for off-shore and cable production.

53 / SCRABBLE SCRAMBLE

Group W Productions, Westinghouse's syndication division, bypasses industry rumors of a midseason 1990 launch and announces that the former network game show *Scrabble* will be available in syndication for fall 1991. The pilot, hosted by Los Angeles TV personality Steve Edwards, is already shot and will be presented to stations this week as an early fringe player.

58 / AD AGENCIES LOOK TO RADIO

J. Walter Thompson follows the lead of Backer, Spielvogel Bates and establishes a group dedicated to creating better radio advertising copy.

60 / JACOR RESTRUCTURING DEBT

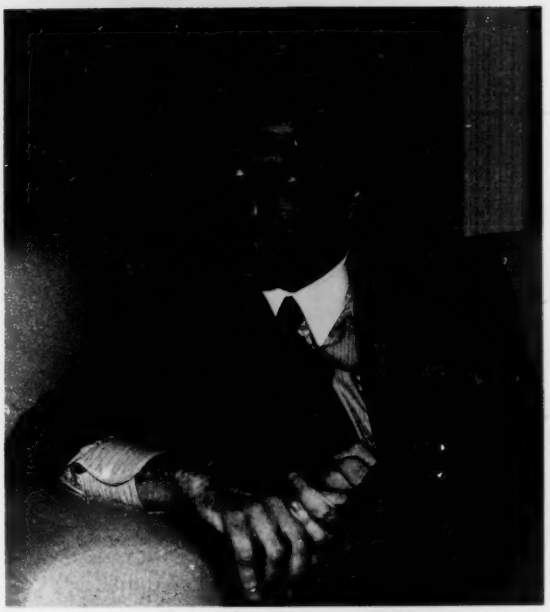
The group owner has obtained an extension for payments due while working to restructure the company debt.

63 / SELLING HOLLYWOOD

During the last five years two major studios have merged with foreign companies—and should the MCA-Matsushita and MGM-Pathe mergers go through, four of the eight major Hollywood studios would be foreign-owned. Those four studios produced 26.6% of prime time television this fall. Some say the growing demand for programing overseas may be one of the main reasons for the appeal to non-U.S. companies.

KCBL: the latest in cable cross-over moves (page 39)

KCBL
COX CABLE
"THE BEST IS BACK"



"At Large" with Les Moonves (page 50)

69 / SMPTE SHOWS TV'S FUTURE

Cost-effective, all-digital studios are now possible, according to experts at the Society of Motion Picture and Television Engineers 132nd Technical Conference and Exhibition, held last week in New York. Advances in film, digital and high-definition video could mean that filmed theatrical and TV productions will be edited electronically (page 70). Cost estimates for broadcaster conversion to HDTV are down to about $2 million for the initial start-up investment (page 72).

74 / SKYPIX BIRD REACHES ORBIT

Following a flawless launch by Arianespace, Hughes Communications deployed two satellites last week, one of which Comsat Video Enterprises President Robert Wussler believes is the "hot bird" for at least the early 1990's. More than just admiring midpower Ku-band SBS 6, CVE may seek a piece of it for its own uses and may become the first announced partner in SkyPix's 80-channel midpower DBS service.

76 / VIEW FROM CANNES

It was essentially a sedate MIPCOM programing exhibition in Cannes, France. Deals were made, but most attendees agreed that the scope of business was narrowing, due in part to uncertainty in the world economy and a lull after a decade of growth.

80 / UPI REORGANIZATION

United Press International has implemented the final stage of its latest re-organization plan. Its hopes are pinned on differentiating its product from Associated Press by giving regional editors more responsibility—including sales—and by "enterprise reporting."

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RATINGS ROUNDUP

NBC widened its lead slightly over ABC in week four of the new season, winning the week with a 13.7 rating 23 share. ABC averaged a 13.2/22 and CBS had a 12/20. CBS was not helped by its coverage of baseball playoffs. Game four on Tuesday (Oct. 9) finished in third place, while game five the following night finished second. On Friday (Oct. 12) the decisive game six was second in the first hour of prime time but rallied in the late innings to give CBS a win for the night. *Cheers* (22.2/35) was the top-ranked show for the week, followed by *Roseanne* (20.3/30). The premiere episode of Fox's *The Simpson's* on Thursday night, finished tied eighth overall with *Who's the Boss* just behind *Cosby*.

Week 4 **Oct. 8–Oct. 14**

1st column tells rank, 2nd column tells position compared to last week: ▼-Down in rank from last week, ▲-Up in rank from last week, ■-Premiere broadcast. 3rd column tells rating, 4th column tells network, 5th column tells show.

1		22.2/35	N	Cheers
2	▲	20.3/30	A	Roseanne
3		20.0/32	N	A Different World
4		19.5/31	N	Lucky/Chances, Pt.3
5	▼	19.2/31	A	Amer. Funniest Videos
6		18.9/34	C	60 Minutes
7	▼	18.5/29	N	Cosby
8	▲	18.4/29	F	Simpsons
8	▲	18.4/30	A	Who's the Boss?
10	▲	18.0/32	N	Empty Nest
10	▲	18.0/28	A	Head Of The Class
12	▼	17.9/28	A	Amer. Funniest People
13	▼	17.3/28	N	Matlock
14		17.2/26	C	Country Music Awards
15	▼	17.1/27	A	Doogie Howser, M.D.
15	▲	17.1/26	N	Lucky/Chances, Pt.2
17	▲	17.0/29	A	Monday Night Football
17	▼	17.0/28	N	Unsolved Mysteries
19	▼	16.9/11	N	Golden Girls
20	▼	16.7/27	A	Growing Pains
21	▼	16.6/25	A	Coach
22	▼	16.0/26	N	Grand
22	▼	16.0/26	A	Wonder Years
24	▼	15.5/28	A	Full House
25		15.2/27	C	Fri. N.L. Championship
26	▼	15.0/26	A	Family Matters
27		14.5/24	C	Wed. N.L. Championship
28	▼	14.4/22	C	Major Dad
29	▲	14.3/23	N	Fresh Prince Of Bel Air
30	▲	14.2/25	N	Hunter
31	▼	14.1/23	A	Defense/Married Man
32	▲	13.8/21	F	Married...With Children
33	▲	13.6/22	N	Dear John
34	▼	13.5/25	N	Carol & Company
35	▲	13.4/22	A	Macgyver
36	▲	13.2/24	A	20/20
37		12.9/21	C	Tues. N.L. Championship
38	▲	12.8/24	N	Law And Order Prev.
38	▲	12.8/21	A	Married People
38	▲	12.8/22	A	Perfect Strangers
41		12.7/20	A	Movie Spec.:Columbo
41	▼	12.7/21	N	Movie:Perfect Murder
43		12.6/20	C	Murder, She Wrote
44	▲	12.4/19	N	Ferris Bueller
45	▲	12.2/19	N	Fanelli Boys
46	▲	11.3/20	A	Going Places
46	▲	11.3/18	C	Uncle Buck
48	▲	11.2/20	N	Night Court
49		11.1/18	C	Murder Times Seven
50	▲	11.0/18	F	In Living Color
51	▼	10.9/18	A	thirtysomething
52	▲	10.7/21	N	American Dreamer
53	▼	10.5/20	A	Primetime Live
54	▲	10.1/18	N	Wings
55		10.0/16	F	Babes
56	▼	9.9/19	N	Working It Out
57		9.5/19	C	Fri. N.L. Pregame
57	▲	9.5/18	A	Young Riders
59		9.4/17	C	Wed. N.L. Pregame
60	▲	9.2/14	F	Get A Life
61	▲	9.1/16	N	Midnight Caller
62	▲	9.0/16	N	Quantum Leap
63	▲	8.9/17	A	Twin Peaks
64		8.8/15	C	Tues. N.L. Pregame
65	▲	8.5/14	F	Good Grief
65	▼	8.5/15	A	Life Goes On
67	▼	7.9/16	N	Parenthood
68		7.8/15	C	Top Cops Spec.
69	▼	7.6/14	A	China Beach
70		7.3/14	C	Flash Spec.
71	▲	6.7/12	A	Cop Rock
72	▲	6.6/11	F	Parker Lewis
73		6.5/10	C	Dark Avenger
74	▲	6.3/10	F	Beverly Hills, 90210
75		6.2/12	C	Hogan Family
76		6.0/12	C	Family Man
77	▲	5.9/10	F	Amer. Most Wanted
77	▼	5.9/9	N	Lifestories
79	▲	5.8/11	F	Cops
80	▲	5.4/11	F	Totally Hidden Video
81	▲	5.3/10	F	True Colors
82	▼	4.7/8	N	Hull High
83	▲	4.2/8	F	Haywire
84		4.0/6	F	Movie: Off Limits
85	▲	3.9/7	F	DEA
86	▲	3.6/6	F	American Chronicles
87	▲	3.3/6	F	Against The Law

FREEZE FRAMES: Syndication Scorecard *

Week ended Oct. 7

Rank	Program (Syndicator)	Rtg	Stns	Covg
1	Wheel of Fortune, syn. (King World)	13.0	219	97
2	Star Trek: Next Generation (Paramount)	12.3	234	98
3	Jeopardy! (King World)	11.6	210	96
4	Entertainment Tonight (Paramount)	8.4	159	95
5	Oprah Winfrey (King World)	7.8	209	96
6	Cosby Show (Viacom)	7.7	201	97
7	Current Affair (20th Century Fox TV)	7.1	186	94
8	Wheel of Fortune, wknd. (King World)	6.4	170	74
9	Donahue (Multimedia)	5.9	225	96
10	Inside Edition (King World)	5.1	118	78
11	Tale Spin (Buena Vista)	4.6	170	96
12	Tiny Toon Advent. (Warner Bros.)	4.5	149	90
13	Chip 'N' Dale (Buena Vista)	4.4	182	97
14	Superboy (Viacom)	4.2	186	92
14	Teenage Mutant Ninja Turtles (Group W)	4.2	154	91

* Nielsen weekly pocketpiece

Source: Nielsen and Broadcasting's own research.

BUSINESS

THE CHANGING FACE OF HOLLYWOOD

Foreign ownership of Hollywood studios is increasing; growing demand for programing overseas may be one of main reasons for appeal to non-U.S. companies

The news that MCA is "in talks" about a possible acquisition by Matsushita, a Japanese consumer electronics company, has again put the spotlight on foreign ownership of Hollywood. During the last five years two major studios (20th Century Fox and Columbia) have merged with foreign companies, and another one—MGM/UA—is on the verge of doing so with the French film company Pathe Communications. There have been several mergers of smaller TV and film companies.

Should the MCA-Matsushita and MGM-Pathe mergers go through, four of the eight major Hollywood studios would be foreign-owned. Those four studios produced 24 shows, or 26.6% of prime time television this fall. When Fox, whose parent company News Corp. is incorporated in Australia, is added in, that figure jumps to almost 33%. Of the three remaining "big" studios—Disney, Paramount Communications and Orion Pictures—the latter two have often been the subject of takeover rumors.

The growing demand for programing overseas is probably one of the main reasons that studios appeal to foreign companies. There are currently about 80 European stations and 400,000 hours of programing on them. And those numbers will grow with the increased interest in programing Eastern Europe, the Far East and South America. NBC has projected that in 1989 international TV program sales totaled $1.7 billion and that total sales could reach $4 billion by 1995. The eight studios, NBC said in a document filed at the FCC, control 80% of the revenue from foreign syndication.

Although the prospect of American movie studios being owned by foreign companies bothers the networks, what may bother them more is the prospect of any consumer electronic company owning a studio because of the so-called synergy factor between a studio's software and a consumer electronic company's hardware.

For example, Sony's $3.4 billion purchase of Columbia Pictures allows the electronics company to put the studio's film library onto 8 mm video, videodisk and high-definition media and possibly restrict usage of its product to its own hardware.

Said Chris Dixon, media and entertainment analyst at Kidder, Peabody: "Consumer electronics continue to drive the marketplace. In order to continue to promote new products these companies want to have access to the software and control it." Sony, Dixon added, is driven by its negative experience with the Beta home video recording system. Despite Beta's superior quality, it was driven out of the marketplace by the VHS format developed by Matsushita and Sony may have wanted to buy CBS Records and Columbia as a way of avoiding that experience. The question, according to Dixon, is not "Do I need 'Raiders of the Lost Ark' to sell my 32-inch color TV set?" but, "Do I have access to a digitally mastered library, meaning that I can rapidly develop a product that can be distributed through the newest technology to the consumer market?"

Another company banking on synergy may be Pioneer. The electronics company is a leading manufacturer of laser disks—which may be making a comeback in the future—and has first refusal rights to Carolco titles. Currently the company is working on compact disk—laser disk combination players.

It could be years before one can tell whether the synergy factor pans out, but industry analysts agree that companies such as Sony and Matsushita are prepared to wait. Said Shearson Lehman Brothers analyst Ray Katz: "They are very happy to sit and wait a decade for the investment to pay off." Added Dixon: "Matsushita recognizes that opportunities like this only occur every 30 years. Matsushita may be willing to pay or justify a higher price than many other competitors in today's tight credit market."

Foreign companies are not the first to merge hardware and software. RCA owned NBC and produced televisions as did CBS.

Investing in studios that only produce television or only produce film is seen as riskier than investing in movie/television studios. Two years later, many programing executives and industry analysts feel that TV South overpaid for MTM. Said one programing executive: "Movies have great old lives while television shows have a high value for the first 10 or 15 years. There are very few shows like *The Honeymooners* or *I Love Lucy* that have lives greater than 15 years."

The networks are hoping that these mergers, especially where foreign com-

continues on page 65

HOLLYWOOD'S FOREIGN INVESTORS

Foreign Owner	*Programer*	*% Ownership*	*Date*	*Cost*	*Businesses*
Pathe Comm.*	MGM/UA	100%	1990	$3.3 billion	TV, film production
Pioneer	Carolco	10%		$60 million	Film prod., TV
Canal Plus	Carolco	5%		$30 million	Orbis Comm.
GaGa Comm.	Fox/Lorber	58%		$2.7 million	TV-video dist.
Sony	Columbia	100%	1989	$3.4 billion	TV, film production
Thames Television	Reeves Comm.	100%		$89 million	TV production
Australian Investment	Barris Industries	24.4%		$35 million	TV, film production
TV South	MTM Entrprs.	100%	1988	$320 million	TV production
Sony	CBS Records	100%	1987	$2 billion	Record producer
Bertelsmann	RCA Records	100%	1986	$330 million	Publishing, records
News Corp.	20th Century Fox	100%	1985	$575 million	TV, film production

*Due to close this week;

CHANGING HANDS

This week's tabulation of station and system sales ($250,000 and above)

KKWM(FM) Dallas ■ Sold by AnchorMedia Group to Cox Enterprises for $15.1 million cash at closing. Station was acquired in January 1987 with KRQX(AM) Mexia, Tex., for $20 million. **Seller** is headed by Alan Henry. **Buyer** is headed by Mike Faherty and has interests in WSB-AM-FM-TV Atlanta; WHIO-AM-TV-WHKO(FM) Dayton, Ohio; WSOC-AM-FM (FM) Charlotte, N.C.; WPXI(TV) Pittsburgh; KTVU(TV) Oakland, Calif.; WKBD(TV) Detroit; KFI(AM)-KOST(FM) Los Angeles; WCKG(FM) Chicago, and WFTV(TV) Orlando, WIOD(AM)-WFLC(FM) Miami and WSUN(AM)-WWRM(FM) Tampa-St. Petersburg, all Florida. KKWM has soft adult contemporary format on 97.9 mhz with 100 kw and antenna 1,680 ft. above average terrain. *Brokers: Questcom Radio Brokerage Inc. and Gary Stevens & Co.*

KMON-AM-FM Great Falls, Mont. ■ Sold by Kent A. Borglum to Portsmouth Broadcasting Corp. for $750,000 cash at closing. Stations were acquired in June 1987 for $1.4 million ("Changing Hands" June 20, 1987). **Seller** is receiver for Great Falls Broadcasting Co. Inc., headed by John D. Mattus and Toni Fraser. Mattus has interests in Idaho Broadcasting Co., licensee of KLCI(FM) Nampa, Idaho, and KKLR Broadcast Co., licensee of KTNT(FM) Edmond, Okla. **Buyer** is headed by Howard Doss, Derek Parrish and Jack Whitley, and has interests in WNTX-AM-FM Portsmouth, Ohio, and KGRC(FM) Hannibal, Mo. KMON(AM) has country format on 569 khz with 5 kw day and 5 kw night. KMON(FM) has CHR format on 94 mhz with 36 kw and antenna 470 feet above average terrain. *Broker: Chapman Associates.*

WIXE(AM) Monroe, N.C. ■ Sold by Monroe Broadcasting, Inc. to Monroe Broadcasting Inc., for $250,000 in stock purchase agreement, including $10,000 escrow payment and $15,000 payment upon FCC approval. Principal and interest at 10% will be paid over 15 years starting in September 1991. **Seller** is headed by Joe N. Ross, Paul J. and Janet Helms, Bruce H. Griffin Jr. and Ray Atkins. **Buyer** is headed by James E. Reddish, Archie W. Morgan, David and Joan Hinson, and Eleanor Gardner Randall, and has no other broadcast interests. WIXE has country format on 1190 khz with 1 kw day.

For other proposed and approved sales see "For the Record," page 82. »

PROPOSED STATION TRADES

By volume and number of sales

Last Week:

AM's □ **$691,000** □ **4**
FM's □ **$19,525,000** □ **5**
AM-FM's □ **$750,000** □ **1**
TV's □ **$0** □ **0**
Total □ **$20,966,000** □ **10**

Year to Date:

AM's □ **$89,129,068** □ **331**
FM's □ **$456,517,626** □ **215**
AM-FM's □ **$338,010,640** □ **188**
TV's □ **$792,841,900** □ **81**
Total □ **$1,676,499,234** □ **715**

For 1989 total see Feb. 5, 1990 BROADCASTING.

CLOSED SINCE THE NAB!

In today's marketplace, a deal doesn't count if it won't close. Since the NAB in Boston, Blackburn & Company has *closed* over $36,000,000 in deals including:

WLVH-FM, Hartford, CT
WMJJ-FM, Birmingham, AL
WTRG-FM, Raleigh, NC
KQFX-FM, Austin, TX

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Washington • New York • Atlanta • Chicago

MAJOR THIRD

Los Angeles-based Westwood One financial results for the third quarter ending Aug. 31 showed operating income of $2,489,000, compared to $120,000 for the same period in 1989. The company also reported a reduction in its net loss, to $3.1 million, compared to $9.02 million for the same quarter in 1989. Revenue increased by 7.5% to $38.7 million, from $36.04 million in last year's third quarter. For the first nine months of 1990, revenue increased 17% to $107.9 million from $91.9 million for the same period in 1989; operating income was $960,000, compared to $4.5 million and a net loss for nine months of 1990 was $14.6 million, down from $18.6 million.

Continued from page 63
panies are involved, will lead to the removal of the financial interest and syndication rules. FCC Chairman Alfred Sikes has said that he does not want a "global market that consolidates away from the U.S., especially considering that [program production] has been an area of great strength" for the U.S.

Not everyone sees it as an "us-versus-them issue." As Kidder Peabody's Dixon said, the issue is not whether it is foreign-owned, but rather: "In a highly concentrated distribution structure, why should one participant be excluded?"

As for the converse—American companies owning or having interest in foreign studios—no one seems to discuss it. The Motion Picture Association of America (MPAA) said that as far as it knows, there are no rules preventing American companies from having foreign interests. However, there may be foreign laws that prohibit or limit studios and/or networks from having an interest. As for the networks, co-production or involvement overseas is far less attractive. Said Ellen Agres, NBC's vice president, legal policy and planning: "We can do it, but we have to tie ourselves like a pretzel to meet all the requirements of the rule. We think American networks are logical co-production partners for foreign companies." Either way, it appears that for now the networks will continue to have to wait for their "level playing field." -JF

REDEALING DEBT'S DECK AT PRICE COMMUNICATIONS

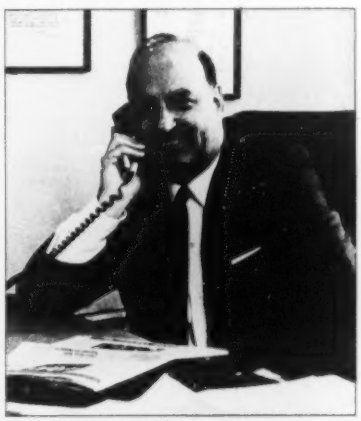
Media company seeks exchange of bonds to reduce cash interest payments as it faces near-term liquidity crisis

A deteriorating cash position is forcing Price Communications to try to restructure over $280 million in debt. Last week, the New York-based communications company told bondholders it would seek to exchange new securities for the existing debt securities. Even the substantial reduction in cash interest proposed under the plan would still be more than the company could meet without selling more assets—which currently include three NBC affiliate TV stations, three AM's and three FM's. A roughly $50 million bank loan secured by many of the company's subsidiaries is not included in the proposal.

Neither the restructuring proposal nor the reasons for it were a surprise to those who follow the company ("Closed Circuit," Aug. 27) started in 1981 by Robert Price, president. Although predominantly a broadcast operation—50% of 1989 revenue came from television and radio stations—the company's current status is due largely to financial bets that did not work out.

One of those bets underlay the borrowing of $375 million in public debt at a blended interest rate of about 14%. The financings, in 1985 and 1986, assumed a higher rate of inflation that, while not hurting and maybe helping TV station revenue, would cause interest rates to rise and allow the company to repurchase the debt with "cheaper" dollars. However, inflation barely rose and while interest rates did increase, the worsening financial markets had a greater impact on the station transaction marketplace.

Price was relying on the health of that marketplace to be able to resell broadcasting properties at a profit, using the proceeds, in part, to retire debt. But buyers willing to pay the cash Price sought were few and the high profit of recent divestitures such as the sale of radio stations to Fairmont Communica-



Robert Price

CLOSED!

The sale of KVOR/KSPZ (FM), Colorado Springs, CO, to Unistar Broadcasting Corp., C.T. Robinson and Nick Verbitsky, co-Presidents, from Penn Communications Corporation, Richard Penn, President, for $2,700,000 has closed.

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tions (BROADCASTING, June 5, 1989) was mostly in the form of seller's paper which does not help Price's liquidity. Cash flow from ongoing operations covered less than half the company's cash interest expense.

In 1990, one additional financial bet hurt the company—its ability to manage the liquid assets which had, at the beginning of the year, stood at more than $75 million. At least once before, in late 1987, Price had shown prescient market timing and earlier this year securities have mostly been in "cash, treasury bills and cash equivalents." But there was still more than $30 million in stocks and corporate debt securities (many of them issued by other media companies) whose values have since been pounded. In the first half of the year, the company saw a $4 million decline in the value of its securities portfolio and, in the three months ending in September, a further $7 million (unrealized) loss will be recorded.

If bondholders accept the Price exchange offer most of them would, on average, take a more than 50% cut in interest, which would, at least in the near future, likely be paid with additional securities, rather than the cash they currently receive. A majority of the bondholders would have the right to convert the debt into stock, at a price of $11 per share. If exercised, it would give them 55% of the company's common stock.

With the stock selling early last week at fifty cents, there was clearly skepticism about the company's viability. But Price himself, an acknowledged persuader who raised $50 million in convertible debt at a time when there was a large short position in the stock, remains unbowed; the exchange offer, in fact, develops a situation which would allow him to raise an additional $75 million to $100 million. **-GF**

CAPITAL SPENDING FOR 1991: TECHNOLOGY'S PRICE

Plant and equipment spending dictated by replacement needs, while economic uncertainty reins in expansion

Capital spending by TV station owners may not greatly exceed levels of recent years and may actually decline in real dollar terms if those group owners commenting last week are representative of the industry. Spending plans vary, but many said the current economic uncertainty and consequent revenue uncertainty is a factor. Newsroom renovations, news sets and equipment continue to command a big share of capital budgets.

The terms "capital spending" and "additions to property, plant and equipment" include everything from buying cars for station use, to installing new air conditioning systems to buying a satellite uplink. Economic uncertainty will impact greatest on any expenditures that do not improve a station's on-air look, said Buck Perry, a consulting engineer with Moffet, Larson & Johnson: "Items that don't add pizazz, such as a transmitter, get deferred."

Those groups contacted about their 1991 plans include group owners, Midwest Television, H&C Communications, Cosmos Broadcasting, United Television, Gaylord Broadcasting, Burnham Broadcasting and Multimedia Broadcasting. Capital spending plans for the current year were indicated by some publicly-held companies in their annual reports issued earlier. Outlet Communications said it planned to spend approximately $2 million in 1990, equal to last year. A report being issued by the Conference Board this week shows first-half capital expenditures by manufacturers down 8% from the 1989 period.

CAPITAL EXPENDITURES BY GROUP OWNERS
(in thousands of dollars)

	1987	1988	1989
Cosmos	$6,806	$4,340	$4,268
Heritage Media	N/A	2,190	2,036
LIN*	3,917	6,219	11,694
McGraw-Hill	2,905	4,610	4,399
Multimedia*	3,049	3,529	6,789
Post-Newsweek	5,999	7,381	8,260
Pulitzer*	3,510	5,207	5,462
SCI-TV	N/A	8,786	9,460
Scripps Howard*	7,065	8,529	4,970
Times Mirror	3,775	3,673*	6,189
United Television	3,316	3,852	2,830

*Broadcasting segment is predominantly television, but also includes radio or other media.

Scripps Howard said that "capital expenditures [for 1990] are expected to be...$8 million for broadcasting," substantially above the 1989 level but below 1988 (see chart). Variations from year to year are not surprising, since big-ticket items such as studio construction or antenna cause budget bulges followed by dips. New studios have recently been completed or are under construction at Gillett Holding's WTVT(TV) Tampa, H&C's WESH(TV) Daytona Beach and Media General's WJXT(TV) Jacksonville, all Florida.

But industry-wide new studio construction is being depressed because the FCC has not been granting UHF-TV construction permits pending resolution of the high-definition television format question. That issue, HDTV, is also probably delaying purchases of transmitters and some other equipment, said

REAPPEARANCE

Burnham Broadcasting Company has rejoined the Television Bureau of Advertising. The group owner of five television stations left the association in May 1988 when Burnham Broadcasting managing partner Peter Desnoes resigned unexpectedly as secretary of the TVB Board (BROADCASTING, May 23, 1988), apparently disappointed in the organization's agenda.

On rejoining the association, Desnoes said: "Our industry needs an organization which has the stated objectives of TVB. The only way we're going to make TVB what we want it to be is to be active members." The stations, Desnoes added, "can no longer afford to be on the sidelines."

TVB President Jim Joyella said that the association is "extremely pleased" that Burnham has rejoined the TVB. Said Joyella: "TVB has made enormous strides in the past year, and we're delighted to have the endorsement of our objectives and strategy by this important group of television stations."

Cosmos President James Sefert.

For many broadcasters the question of capital budgeting is much the same as it has been in the past, deciding what is necessary versus what can be delayed. While United Television has been careful about equipment replacement in recent years, said Garth Lindsey, executive vice president and chief financial officer, such deferrals can only be undertaken for short stretches of time before pressing needs reassert themselves.

Capital spending requirements also reflect the working through of format changes as some station groups are in the process of switching to Beta or MII for their news departments or are switching to smaller, more sophisticated, cart machines. Gaylord Broadcasting has seen its expenditures increase while starting news operations at stations in Houston and Dallas and increasing news operations in Seattle and Milwaukee, said company president, James Terrell.

It was not immediately clear how the financial markets will affect capital spending. For well-heeled station owners, such spending fits easily within existing credit lines. For leveraged companies, capital items drain needed cash, but balance sheet ratios can still be maintained if the equipment is leased rather than purchased, said William Regan, the New York-based regional manager for Dana Commercial Credit. Operating leases show up instead on the income statement, as does depreciation of acquired equipment. Moffet, Larson & Johnson's Perry added that "some people are looking at lower priced equipment."

Possible softness in industry spending is being noted in the financial statements of equipment manufacturers. Harris Corp. said the June 30 order backlog for its communications division was $177 million, down $70 million from a year ago. And Midwest Communications Corp. said in its just-released annual report that "customers have been postponing the acquisition of such [separate component] equipment due to the current economic slow-down in the broadcast industry." –GF

STOCK INDEX (CONT.)

EQUIPMENT & MANUFACTURING

		Closing Wed Oct 17	Closing Wed Oct 10	Net Change	Percent Change	P/E Ratio	Market Capitalization (000,000)
N	(MMM) 3M	75 1/8	75 7/8	– 3/4	– 00.98	13	16,675
N	(ARV) Arvin Industries	14	14		00.00	19	263
O	(CCBL) C-Cor Electronics	4 1/8	5 1/8	– 1	– 19.51	3	17
O	(CTEX) C-Tec Corp.	14 1/8	14 3/4	– 5/8	– 04.23	-52	232
N	(CHY) Chyron	9/16	9/16		00.00	-1	6
A	(COH) Cohu	7 1/4	8 1/8	– 7/8	– 10.76	5	14
N	(EK) Eastman Kodak	37 1/8	35	2 1/8	06.07	14	12,044
N	(HRS) Harris Corp.	15 3/8	17 1/4	– 1 7/8	– 10.86	4	616
N	(IV) Mark IV Indus.	8 1/8	8 7/8	– 3/4	– 08.45	2	113
O	(MATT) Matthews Equip.	1 1/4	1 1/8	1/8	11.11	62	7
O	(MCDY) Microdyne	3 3/16	3 3/16		00.00	45	13
O	(MCOM) Midwest Comm.	1 3/4	1 5/8	1/8	07.69	5	5
N	(MOT) Motorola	54	53	1	01.88	13	7,102
A	(PPI) Pico Products	3/4	5/8	1/8	20.00		2
N	(SFA) Sci-Atlanta	14 3/4	12 3/4	2	15.68	7	329
N	(SNE) Sony Corp.	53	50 3/8	2 5/8	05.21	28	17,592
N	(TEK) Tektronix	14 7/8	13 3/4	1 1/8	08.18	-5	432
N	(VAR) Varian Assoc.	27 3/8	29	– 1 5/8	– 05.60	-30	523
O	(WGNR) Wegener	3/4	1	– 1/4	– 25.00	-4	5
N	(ZE) Zenith	4 1/4	15 1/8	–10 7/8	– 71.99	-1	113

SERVICE

		Closing Wed Oct 17	Closing Wed Oct 10	Net Change	Percent Change	P/E Ratio	Market Capitalization (000,000)
O	(AFTI) Am. Film Tech.	5 3/8	6 5/8	– 1 1/4	– 18.86	17	52
O	(AGRPC) Andrews Group	2 3/8	2 3/8		00.00	-1	21
O	(BSIM) Burnup & Sims	7/8	6 7/8	– 6	– 87.27	9	11
A	(CLR) Color Systems	1 5/8	1 5/8		00.00	-1	9
N	(CQ) Comsat	26 1/4	28 1/8	– 1 7/8	– 06.66	7	490
N	(CDA) Control Data	8	8 1/2	– 1/2	– 05.88	-2	340
N	(DNB) Dun & Bradstreet	40 1/8	41 5/8	– 1 1/2	– 03.60	14	7,321
N	(FCB) Foote Cone & B.	22 1/4	23	– 3/4	– 03.26	11	240
O	(GREY) Grey Advertising	141	131	10	07.63	12	158
O	(IDBX) IDB Commun.	6	5 3/4	1/4	04.34	66	38
N	(IPG) Interpublic Group	30	30 1/2	– 1/2	– 01.63	13	1,038
O	(OMCM) Omnicom	26	26		00.00	13	682
O	(RTRSY) Reuters	40	40 5/8	– 5/8	– 01.53	18	17,243
N	(SAA) Saatchi & Saatchi	2 1/4	2 1/8	1/8	05.88	-2	356
O	(TLMT) Telemation	1/2	1 1/2	– 1	– 66.66	1	2
O	(TMCI) TM Commun.	1/8	3/32	1/32	33.33		2
A	(UNV) Unitel Video	5 3/4	6 1/8	– 3/8	– 06.12	-9	8
O	(WPPGY) WPP Group	14 3/4	15 1/8	– 3/8	– 02.47	7	595

Standard & Poor's 400	349.98	353.11	-3.13	-0.9

FOR THE RECORD

As compiled by BROADCASTING from Oct 11 through Oct 17 and based on filings, authorizations and other FCC actions.

Abbreviations: AFC—Antenna For Communications; ALJ—Administrative Law Judge; alt.—alternate; ann.—announced; ant.—antenna; aur.—aural; aux.—auxiliary; ch.—channel; CH—critical hours; chg.—change; CP—construction permit; D—day; DA—directional antenna; Doc.—Docket; ERP—effective radiated power; Freq.—frequency; HAAT—height above average terrain; H&V—horizontal and vertical; khz—kilohertz; kw—kilowatts; lic.—license; m—meters; mhz—megahertz; mi.—miles; MP—modification permit; mod.—modification; N—night; pet. for recon.—petition for reconsideration; PSA—presunrise service authority; pwr.—power; RC—remote control; S-A—Scientific-Atlanta; SH—specified hours; SL—studio location; TL—transmitter location; trans.—transmitter; TPO—transmitter power output; U or unl.—unlimited hours; vis.—visual; w—watts; *—noncommercial. Six groups of numbers at end of facilities changes items refer to map coordinates. One meter equals 3.28 feet.

OWNERSHIP CHANGES

Applications

■ **KAPH(FM) Kingman, KS** (BALH900927GE; 100.3 mhz; 48 kw; ant. 505 ft.)—Seeks assignment of license from Bliss Communications to Alpha Broadcasting Inc. for $220,000. Seller is headed by Ronald G. Bliss, Eugene L. Ferrin, David Gordon, Michael R. Gore and Jessica A. Gore. Buyer is headed by David Brace. Fred Samuelson and Doyle Gene Boyd. Brace is president of New Life Fellowship Inc., licensee of KGAM(FM) Wichita, KS. Filed Sept. 27.

■ **WTBM(FM) Mexico, ME** (BALH900926HX; 100.7 mhz; 180 W; ant. 1,277 ft.)—Seeks assignment of license from Tanist Broadcasting Corp. to Mountain Valley Broadcasting Inc. for $300,000. Seller is headed by T. Barton and Eleanor A. Carter, husband and wife, and Cyril M. Wismer, and is licensee of WFAU(AM) and WKCG(FM), both Augusta, ME. Buyer is headed by Richard D. Gleason, and has interests in WTME(AM) Auburn, WOXO(FM) Norway and WFTQ(AM) South Paris, all Maine, and is also proposed assignee of WXGL(AM) Lewiston, ME. Filed Sept. 26.

■ **KJLA(AM) Kansas City, MO** (BAL900926ED; 1190 khz; 5 kw-D; 225 w-N)—Seeks assignment of license from Osborn Communications Corp. to The Great Age Radio Inc. for $200,000. Seller is headed by Wilton R. Osborn II, Carol D. Osborn and Stanley H. Durwood. Buyer is headed by L. Robert McLaughlin, owns 100% of stock and has no other broadcast interests. Filed Sept. 26.

■ **WIXE(AM) Monroe, NC** (BTC900928EC; 1190 khz; 1 kw-D)—Seeks assignment of license from Monroe Broadcasting, Inc. to Monroe Broadcasting, Inc., for $250,000, in stock purchase agreement. Seller is headed by Joe N. Ross, Paul J. and Janet Helms, Bruce H. Griffin Jr. and Ray Atkins. Buyer is headed by James E. Reddish, Archie W. Morgan, David and Joan Hinson and Eleanor Gardner Randall, and has no other broadcast interests. Filed Sept. 28.

■ **WBMS(AM) Wilmington, NC** (BAL900928ED; 1340 khz; 1 kw-U)—Seeks assignment of license from Brunson Broadcasting Co. of North Carolina to S. Frank and Helen F. McNeil for $148,000. Seller is headed by Dorothy E. Brunson, Naomi Porter Camper and Clyde Porter Jr., and has interests in Brunson Communications, Inc., licensee of WEBB(AM) Baltimore, WIGO(AM) Atlanta, and WGTW(TV) Burlington, NJ. Buyer is headed S. Frank and Helen F. McNeil, and has no other broadcast interests. Filed Sept. 28.

■ **KQFX(FM) Georgetown, TX** (BAPLH900926GE; 96.5 mhz; 100 kw; ant. 930 ft.)—Seeks assignment of license from Red River Radio Inc. to KHFI Venture Ltd. for $3,850,000. Seller is headed by A. Thomas Joyner, David Weil, Gregg P. Skall and Lynette Leto. Buyer is owned by Rusk Corp., headed by Jesse H. Jones II, John C. Jones, John T. Jones Jr., Winifred S. Jones, Melissa J. Stevens, Joe Thompson, Clint C. Small, Viva Harris, B.J. Mitchell and Ron Scott. Rusk Corp. is the licensee of KTRH(AM)-KLOL(FM) Houston, KMGP(FM) Monahans and KSMG(FM) Seguin, all Texas. Filed Sept. 26.

■ **KYQX(FM) Weatherford, TX** (BALED900928GG; 89.5 mhz; 368 W; ant. 205 ft.)—Seeks assignment of license from Springtown Educational Broadcast Foundation to Parker County Public Radio Inc. for $55,000. Seller is headed by Wesley D. Yeager, Angela Yeager and Gayle Moring. Wesley D. Yeager has interests in KMQX(FM) Springtown and KSEY(AM)-(FM) Seymour, both Texas. Buyer is headed by Randall Young, Steve Reid, John E. Schwensen, Lon W. Young, Stewart Schwensen and Joyce S. Schwensen, and has no other broadcast interests. Filed Sept. 28.

■ **WPUV(AM) Pulaski, VA** (BAL901001EB; 1580 khz; 5 kw-D; 1 kw-CH)—Seeks assignment of license

SUMMARY OF BROADCASTING & CABLE

BROADCASTING

SERVICE	ON AIR	CP's [1]	TOTAL *
Commercial AM	4,979	247	5,226
Commercial FM	4,308	867	5,175
Educational FM	1,430	282	1,712
Total Radio	10,717	1,396	12,118
Commercial VHF TV	550	19	569
Commercial UHF TV	552	185	737
Educational VHF TV	124	4	128
Educational UHF TV	226	20	246
■ Total TV	1,452	233	1,680
VHF LPTV	300	205	505
UHF LPTV	457	1,508	1,965
■ Total LPTV	757	1,713	2,470
FM translators	1,849	290	2,139
VHF translators	2,732	116	2,848
UHF translators	2,223	401	2,624

CABLE

Total subscribers	53,900,000
Homes passed	71,300,000
Total systems	10,823
Household penetration†	58.6%
Pay cable penetration	29.2%

* Includes off-air licenses. † Penetration percentages are of TV household universe of 92.1 million. [1] Construction permit. [2] Instructional TV fixed service. [3] Studio transmitter link. Source: Nielsen and Broadcasting's own research.